

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 INRE-00 NSCE-00 SSO-00

USIE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02

H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04

RSC-01 AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00

PRS-01 SP-03 FEA-02 OMB-01 SWF-02 OIC-04 /182 R

DRAFTED BY EB/OT/TA:WBARRACLOUGH:MAM

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EB/IFD:JKRIZAY

EUR/RPE:MLEVINE

STR:WOLFF

TREASURY:WBARREDA/WMCCAMEY

AGRICULTURE:BSHARKEY

COMMERCE:FABHUL

EUR/RPE:EBEIGEL

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O P 062308Z MAY 74

FM SECSTATE WASHDC

TO USMISSION OECD PARIS IMMEDIATE

INFO AMEMBASSY ROME PRIORITY

USMISSION EC BRUSSELS PRIORITY

USMISSION GENEVA PRIORITY

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TAGS: EGEN, OECD

SUBJECT: ITALIAN IMPORT DEPOSIT SCHEME - HEADS DEL
MEETING MAY 7

REF: (A) STATE 90784 (B) STATE 90223 (C) MISSION OECD
10825

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1. US DEL AT SUBJECT MEETING SHOULD DRAW ON GUIDANCE

CONTAINED IN REF (A) AND REF (B) IN DISCUSSION OF ITALIAN IMPORT DEPOSIT SCHEME. YOU SHOULD ENCOURAGE ITALIANS TO BE AS FORTHCOMING AS POSSIBLE IN PROVIDING DETAILS OF SCHEME AND ITS ADMINISTRATION AND EXPRESS HOPE SCHEME WILL ONLY BE IN EFFECT FOR SHORTEST POSSIBLE DURATION. WE EXPECT ITALIANS WILL MAKE WRITTEN SUBMISSION TO OECD AS SOON AS POSSIBLE IF NONE PROVIDED AT HEADS DEL MEETING. YOU SHOULD AVOID, HOWEVER, PASSING JUDGMENT ON JUSTIFICATION OR MERITS OF ITALIAN MEASURE

2. AT THIS STAGE WE WISH TO STRESS THAT THE ITALIAN MEASURE IS PARTICULARLY REGRETTABLE SINCE IT COULD BE AN EXAMPLE FOR OTHERS TO FOLLOW AND RISK INITIATING AN ESCALATION OF SELF-DEFEATING CURRENT ACCOUNT MEASURES WHICH ALL WISH TO AVOID. PROMPT AGREEMENT ON STANDSTILL DECLARATION IN OECD WITH ITALIAN ADHERENCE, THEREFORE, ALL THE MORE NECESSARY AND SHOULD BE AMONG HIGHEST PRIORITIES OF ALL OECD MEMBER GOVERNMENTS. IN BROADER CONTEXT ITALIAN MEASURE POINTS TO NEED FOR US PROPOSED AMENDMENT OF FUND ARTICLES ON TRADE MEASURES TAKEN FOR BALANCE OF PAYMENTS PURPOSES.

3. WE EXPECT THAT ITALIAN IMPORT DEPOSIT SCHEME WILL BE NOTIFIED TO THE OECD TRADE COMMITTEE AND WILL BE CONSIDERED IN THAT FORUM. GIVEN NATURE OF ITALIAN MEASURE, WE BELIEVE IT MAY BE APPROPRIATE FOR OTHER OECD BODIES (E.G., EPC/WP3) ALSO TO CONSIDER IT. WE DO NOT AT THIS TIME ANTICIPATE OURSELVES REQUESTING FORMAL, FULL-FLEDGED TC OR TCWP CONSULTATIONS SEPARATE FROM NORMAL TC CONSIDERATION BUT HAVE NO OBJECTION IF OTHER AFFECTED COUNTRY OR COUNTRIES DESIRE TO DO SO. WE STRONGLY PREFER, HOWEVER, THAT SUCH CONSULTATIONS NOT BE SCHEDULED BEFORE THE MINISTERIAL MEETING IN ORDER NOT TO COMPLICATE AGREEMENT ON THE CURRENT ACCOUNT STANDSTILL DECLARATION.

4. REGARDING THE RELATIONSHIP OF ITALIAN MEASURE TO DRAFT DECLARATION, WE OPPOSE IDEA OF USING A "BEST EFFORTS" FORMULATION EITHER IN DECLARATION ITSELF OR IN BACK-UP DOCUMENT AS A WAY AROUND THE PROBLEM OF GAINING ITALIAN ADHERENCE. IT WOULD ONLY ENCOURAGE OTHER COUNTRIES TO LIMITED OFFICIAL USE

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FOLLOW SUIT, THUS MAKING THE DECLARATION VIRTUALLY MEANINGLESS. OUR SPECIFIC COMMENTS ON THE SECRETARIAT'S DRAFT LANGUAGE AND GENERAL GUIDANCE IN THIS REGARD ARE BEING SENT SEPTEL. RUSH

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